

**Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201**

**Department of the Treasury**

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**Employer Identification Number:**

**Contact Person - ID Number:**

**Contact Telephone Number:**

**LEGEND**

UIL 4945.04-04

X= Program  
Y= Organization

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated July 30, 2010.

Our records indicate you are recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant-making program called X which is to foster the development of important 21<sup>st</sup> century skills in students around the world, including critical thinking, teamwork, cross-cultural understanding, self-direction, communication, and technology skills.

The program is multi-dimensional and fosters learning and cross-cultural understanding for students and educators around the world. It includes an online project environment that supports collaborative learning; a technology competition that challenges students to solve real-world problems; an award-winning library that is a learning resource visited by millions annually; and professional development educators. A key component to the program is a multi-day event you organize each year to celebrate student achievement and cross-cultural exchange. Participation in and travel to and from this event are limited to students you choose in an objective and non-discriminatory selection process. The selection process is an international team competition. The teams are made up of one to six students and one teacher-coach. The competition challenges students to solve real-world problems by applying their critical thinking, communication, and technology skills. All students and coaches who participate in the competition gain the benefits of educational team competition on a worldwide scale; winning participants receive grants of laptops and expenses paid travel to the main event.

Eligibility criteria for the competition includes these three events - projects, digital media and application development. Each year you may redesign the program; however, it will seek to engage participants in developing and demonstrating their critical thinking, communication, and technology skills. The age divisions may be adjusted occasionally,

but each year the competing participants must be enrolled at an eligible educational institution. In all of the events, each student team identifies and defines a problem it intends to solve and produces an entry that presents the problem, the team's solution, and the process the team used to develop its solution. In the projects event, participants produce learning projects in a hosted web environment. The digital media event is where the participants use digital media tools to produce an online journal or blog, website, animation, public service announcement, photo essay, video, or a combination of the foregoing. The application development event is where the participants develop a web-based application using their choice of programming language from a select list. Participation in the competition is open to youth worldwide who are enrolled in eligible educational institutions during the competition. You do not discriminate. However, individuals located in countries designated by the United States Office of Foreign Assets Control as a sanctioned nation may not participate.

There is no minimum age requirement in any event. Coaches must be at least 21 years of age on the day of the entry submission deadline. Coaches of teams participating in the projects event must be employees or volunteers of an eligible educational institution and not currently students at any school or university. Coaches of teams participating in digital media and application development events must be employees, volunteers, or students at an eligible educational institution. If an individual student chooses to participate in more than one event, he or she must work with an entirely different group of students and coach in each event. Students may submit a maximum of one entry per event in any given year. Each team may include only one student who is a former winner of the competition. Each team coach has certain responsibilities. Students may not receive assistance from coaches, family members, friends, or professionals in the completion of their work. All planning, research, and implementation must be conducted by the student team members.

Only entries that meet all of the requirements described in the competition rules are eligible for selection. Except for specified formatting requirements, the qualification requirements for all three events are identical. The entries must not contain any commercial content or personal identifying information. The rules prohibit employees of your organization, Y, and its subsidiaries and their immediate family members from participating in the competition.

The selection procedures you use involve two phases of judging. Prior to the first phase of judging you narrow down entries to 500 entries per event.

In the first phase, volunteer judges from around the world access entries online and review and score them by event and age group. The judges for this phase are selected from applicants who voluntarily apply online. They complete an application which includes their job title and description and their years of education experience. You will assess each judge application based upon an applicant's current employment as a teacher or a minimum of five years experience in the field of education, proficiency in English, and job experience relevant to the competition events. Judges for this phase must complete an online orientation seminar regarding judging and scoring guidelines. Each judge scores and ranks a pool of ten entries assigned to them through an online judging system. Each judge evaluates each entry on a four-level rubric provided by you. Once the judge determines the entry's performance level on each skill criterion, the judge assigns a single point value to each criterion. After judging all ten entries in his or her

assigned pool, the judge identifies the first, second, and third ranked entries in his or her pool based on the point scores attributed to each entry. These three finalists move forward into the second phase judging.

The second phase, judges with specialized experience in educational technology and project-based learning are invited by you to participate in judging the event. They will review, discuss, and score finalists in order to select the competition winners. Since there is not personal identifying information judges do not know the identity of the individuals who created the entry. Entries may include an "about" page in which students may state their first name, home country or city, and post a picture. This procedure may be modified from time to time. You invite the judges to participate based upon their known expertise in the fields of learning and technology. The expertise is evaluated based upon potential invitees' contributions to the field of educational technology, membership in domestic and international educational technology associations, and familiarity with prior competitions. In some cases, individuals who have prior experience as a coach are invited to participate as a judge in this phase. Employees of Y are prohibited from being a judge in either phase. The scores and ranks provided by the judges in the first phase are reviewed. The top ten entries in each age division in each event move into this phase of judging. The judges for this phase meet in person to review, discuss, and score finalists and select competition winners. Three judges from the second phase are assigned to each age division in each event; each judge receives online training in the judging and scoring guidelines prior to assessing any entry. Each judge reviews a pool of ten entries in a given age division and event; the same scoring system used in the first phase are used for this phase. In this phase the judges work collaboratively to discuss and debate the merits of each entry. The top three entries in each age division in each event are selected by the judges for the second phase. In the event of a tie, a discussion is facilitated among the judges to reach consensus on the top three entries in each age division and event.

Each competition event is judged on similar criteria with distinctions relevant to the unique nature of the event. They will usually focus on critical thinking, communication, and technology skills. The evaluation guidelines in any year are not published to the participants until the launch of that year's competition and remain confidential until that time..

First and second place team members in each age division in each event receive a laptop computer and an expenses paid trip to the live event. At the live event, students meet together to participate in educational activities around the area of the live event. Since many teams are composed of students from different nations and widely different backgrounds, which provides many participants with the opportunity to meet face-to-face for the first time with teammates they have worked on their event with online. You fund the cost of the round trip economy class airfare from the airport nearest the participant's home to the live event, five nights hotel accommodations, participation in the live events activities, which includes ground transportation to and from the hotel, workshops, awards ceremony, meals during the event, and foregoing travel, meals, and lodging for one chaperone per participant and each team's coach. Participants are required to submit a report on what they learned from participation in the competition and the live event.

Third place team members each receive a laptop computer but are not eligible to attend the live event.



In past events, there were approximately 9,300 students on teams who submitted entries. For the first and second place teams there were approximately 66 students for all age divisions and the events. There were 26 coaches. You expect the amounts for the upcoming events to be comparable to the past. You also expect to have one first place, one second place, and one third place team per age group per event. The amount of the grant will vary by individual since it is based on the cost of the airfare from the participant's home to the live event. The grant does not include additional ground transportation, meals, food, beverages, taxes, gratuities, and insurance. The grants may only be used to participate in the live event. A participant who is not able to travel during the required dates to attend the live event, forfeits the travel portion of the grant.

You ensure all grants given are used for the travel and lodging benefits you provide exclusively for participation in the educational conference by imposing certain requirements on the participant winners and coaches by operating the live event as a series of educational activities. All winning participants who attend the live event are required to complete affidavits in which they agree to attend all activities on the official agenda for the live event and to check in with the staff at the beginning and end of each day's activities. Your staff will check in with each participant at the beginning and end of each day as well as chaperone the conference and related activities. In each affidavit, each participant agrees to return the cash value of the grants received from you in the event any statement or agreement made by the participant is false or misleading. All participants must adhere to the rules of the competition, which specify that winners and chaperones must travel on dates that permit attendance at the live event. This ensures you that winning students and coaches are committed to appropriate participation prior and during the live event. At the end of the live educational conference, each grantee must provide you with a report describing the grantee's accomplishments with respect to the grant and accounting for the funds received under the grant. These reports are collected at the end of the live educational conference they attended. The report will require the grantees to identify themselves and express what they have learned during the conference and to describe at least three things they learned.

You agree to maintain records that include the following:

- (i) Information used to evaluate the qualification of potential grantees;
- (ii) Identification of the grantees (including any relationship of any grantee to the private foundation);
- (iii) The amount and purpose of each grant; and
- (iv) All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois Lerner  
Director, Exempt Organizations